



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley
Larry D. Lisenbee

**SUBJECT: FISCAL ACTIONS FOR THE
CALPINE OPEN SPACE
PROJECT**

DATE: 05-17-04

Approved

Date

Council District: 2
SNI Area: N/A

RECOMMENDATION

Adoption of the following Appropriation Ordinance amendments in the Parks City-Wide Construction and Conveyance Tax Fund:

- (1) Increase the Calpine Open Space project by \$585,000.
- (2) Decrease the Reserve for Calpine Open Space project by \$585,000.

BACKGROUND

The City of San José and the Morgan Hill Unified School District (District) entered into a Joint Use Agreement (JUA) in May 2003 for the construction and operation of a Multi-Purpose Center (Center) on the grounds of Los Paseos Elementary School. Under terms of the agreement, the City will contribute \$1,000,000 towards the project, the District will contribute \$1,500,000, and the City and District jointly will apply to the State of California for a grant through the State's Joint Use Project Program in the amount of \$1,000,000, for a total project cost of \$3,500,000. The City's \$1,000,000 contribution to the Center will come from funds identified for use within the Open Space/Park and Recreation Fund component of the June 2001 Cooperation Agreement between the City and Calpine/Bechtel for recreation and open space activities in the Santa Teresa/South San José area.

The City will pay its commitment for the Center (\$1,000,000) using funds from the December 2002 and 2003 Calpine/Bechtel donations. Currently, an active appropriation of \$415,000 in Calpine funds exists in the Parks City-Wide Construction and Conveyance Tax Fund along with a Reserve of \$1,000,000. The appropriation action requested as part of this memorandum will

appropriate \$585,000 from the Reserve to the active appropriation to ensure adequate funding for the \$1,000,000 payment.

Under the terms of the JUA, the new Center will be jointly operated between the City and the District. The District will provide staffing and program building usage during school hours. The City will be allowed priority access to the 8,000 square foot multi-purpose room during non-school hours and will be provided an additional 1,200 square feet of dedicated programming space separate from the multi-purpose room.

Another component of the JUA involves the construction of a new parking lot on the City's Los Paseos Park site, adjacent to the school, for joint use by park users and the District. Use of the parking lot by the District is subject to a three-year charter limitation contained in Section 1700 of the City Charter. This restriction prohibits the long term, reserved use of a parking lot or vehicular access without a vote of the electorate. The cost for construction of the parking lot is included in the \$3,500,000 total project cost already noted.

ANALYSIS

According to the City's agreement with the District, the \$1,000,000 payment is now due and payable. The appropriation action requested in this memo will provide funding necessary for the payment.

As intended, the City and District jointly applied for a State Grant through their Joint Use Project Program. Unfortunately, only \$699,000 of the \$1,000,000 requested was awarded. The District, however, has committed to making up the shortfall with other funding sources.

The Los Paseos Community Center project is currently in the design phase. The District has committed to completing the Center project within 18 months of receiving the City's approval of plans and specifications, which are estimated to be completed by April 2004.

PUBLIC OUTREACH

Community outreach was completed by the Morgan Hill Unified School District during the preliminary planning phase of the project.

COORDINATION

This memo has been coordinated with the City Attorney's Office.

FISCAL IMPACT

This project is consistent with the Council-approved Budget Strategy's Economic Recovery section in that it will spur construction spending in the local economy. A one-time amount of \$225,000 for furniture, fixtures, and equipment (FF&E) will be needed to furnish the Center. It is anticipated that the FF&E expense will be covered by a Redevelopment Agency repayment to the Council District 2 Construction and Conveyance Tax Fund related to the Edenvale/Great Oaks Neighborhood Centers. Annual maintenance costs are projected at \$12,000 annually beginning in 2005-2006. No additional operating costs are expected due to the re-deployment of existing staff.

BUDGET REFERENCE

1. SOURCE OF FUNDING: 391 – City-Wide Construction and Conveyance Tax Fund

Fund #	Appn. #	Appn. Name	RC #	Total Appn.*	Amt. for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
391	4300	Calpine-Open Space		\$415,000	\$415,000	N/A	10/14/03, Ord. No. 26997
391	7030	Reserve: Calpine Open Space		\$1,000,000	\$585,000	Page 581	
		Total		\$1,415,000	\$1,000,000		

*This memorandum includes a recommendation to re-appropriate \$585,000 from the Reserve for Calpine Open Space into the Calpine-Open Space live appropriation.

CEQA

Exempt, PP03-05-0166.

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Director of Parks, Recreation
and Neighborhood Services

LARRY D. LISENBEE
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